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Small Business and Revenue
and
Minister Responsible for Regulatory Reform

2006/07
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For more information on how to contact the British Columbia
Ministry of Small Business and Revenue
see Ministry Contact Information on Page 36 or contact:

Ministry of Small Business and Revenue
PO BOX 9432
STN PROV GOVT
VICTORIA BC
V8W 9N6

or visit our website at
www.sbr.gov.bc.ca

E-mail the Minister's Office at sbr.minister@gov.bc.ca

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Message from the Minister and Accountability Statement

As Minister, I am pleased to share the Ministry of Small Business and Revenue's second-year results with you.

Established in 2005, our Ministry has remained steadfast in its mandate to make British Columbia "Canada's most small business friendly jurisdiction", to strive for continuous improvements to customer service, and to become a centre of excellence for tax administration and revenue management. Our pursuit of these goals has helped to make the past year a phenomenal one for small business growth, job growth and record-low unemployment in British Columbia.

Much of our success stems from strong partnerships with small business and industry. The permanent Small Business Roundtable, established in October 2005, completed 18 consultations, engaging over 220 small business owners and industry representatives throughout British Columbia. This led to the Roundtable's first-year report in October 2006, the Small Business Lens regulatory streamlining and accountability tool, and development of government's Action Plan for Small Business. In 2007, the Roundtable continues to consult with more small business owners and operators to identify additional opportunities to enhance small business competitiveness.

During the Provincial Sales Tax Review, undertaken between November 2005 and May 2006, I personally attended 20 Provincial Sales Tax Review sessions in every region of British Columbia. Government sought input on ways to develop revenue-neutral options to simplify, streamline and enhance the fairness of the tax. Our subsequent work with the Ministry of Finance led to 13 provincial sales tax changes in Budget 2007. These measures will save small business owners over $120 million in the next three years.

In February 2007, we launched the third edition of our innovative *Taxpayer Fairness and Service Code*, which benefits tax-audit customers in particular, providing more information on the audit process and a clear commitment to timely service. It also commits the Ministry to provide at least 60 provincial sales tax seminars a year and ensure a customer satisfaction level of at least 90 per cent. Like the second edition, the third will be available in English and eight other languages, recognizing the immense contribution immigrant and New Canadian entrepreneurs make to British Columbia.

As Minister Responsible for Regulatory Reform, I lead the government's efforts to foster a more streamlined and simplified regulatory environment. As of March 2007, we have eliminated over 158,000 regulatory requirements, a reduction of over 41 per cent, and we remain committed

to zero net growth through 2008. We have also implemented a citizen-centred approach to regulatory reform, with a goal of saving time from the perspective of an individual, small business or industry.

As Premier Gordon Campbell announced in October 2006, I will lead the implementation of a single municipal business licence for businesses operating in British Columbia, in partnership with the Ministry of Community Services, the Union of BC Municipalities and local governments across the province. This will cut red tape for businesses operating in multiple British Columbia jurisdictions.

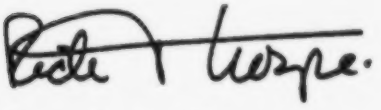
The 2006/07 Ministry of Small Business and Revenue Annual Service Plan Report compares the actual results to the target results of the 2006/07 – 2008/09 Service Plan.

Under the *Balanced Budget and Ministerial Accountability Act*, in 2006/07, I was accountable for earning $214.7 million in incremental revenue in respect of revenue payable under enactments administered by the Minister of Small Business and Revenue. For the year ended March 31, 2007, I can confirm $338.9 million in incremental revenue.

I want to acknowledge and thank all the Ministry staff whose dedication to our customers makes our goals and objectives real for British Columbians. I am proud of their hard work.

Our efforts to make British Columbia "Canada's most small business friendly jurisdiction" are contributing to an exceptionally healthy, growing economy. Notably, British Columbia's unemployment rate reached 30-year lows in each of the first three months of 2007. The latest survey of business expectations from the Canadian Federation of Independent Business shows British Columbia firms are the most optimistic in the country, with two-thirds of respondents expecting a stronger performance over the next 12 months and one-third planning to hire more full-time staff.

It's a great time to live, work and play in the best place on Earth — British Columbia.



Honourable Rick Thorpe
Minister of Small Business and Revenue
and Minister Responsible for Regulatory Reform
sbr.minister@gov.bc.ca

June 15, 2007

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Highlights of the Year

Permanent Small Business Roundtable

The permanent Small Business Roundtable was established in October 2005 in recognition of the significant contribution of the small business sector to the province's economy. The Roundtable provides a forum for ongoing dialogue with the small business community across British Columbia, and advises government on issues, opportunities and actions to make British Columbia the most small business friendly jurisdiction in Canada.

In October 2006, the Roundtable provided its first Annual Report[1] to government. In response to the Roundtable's input and recommendations, the Ministry has developed an Action Plan for Small Business to support the ongoing success of the small business sector. The Action Plan is the result of cooperation between provincial ministries and other levels of government delivering programs and services impacting the small business sector.

In 2007/08, the Roundtable will focus its dialogue on regional issues and opportunities. Two Small Business Information Forums are also scheduled for 2007 to share information of interest to small business.

Provincial Sales Tax Review

As part of government's commitment to review taxation policies, the Ministry launched the Provincial Sales Tax Review[2] in November 2005. The review explored options for streamlining, simplifying and enhancing fairness of the PST for individuals, small business and industry.

As a result of the PST Review, British Columbia businesses will save $40 million annually through changes to legislation, regulations and policies implemented in February 2007. Highlights of these changes include extending the tax return remittance due date, reducing the audit assessment period to four years from six, and reducing the tax return reporting frequency for qualifying businesses.

During 2007/08, the Ministry will consult with the business community to discuss options for industry-specific changes to the tax system.

[1] View the *Small Business Roundtable — Report to Government* at www.smallbusinessroundtable.ca/publications.htm.

[2] View the PST Review website at www.sbr.gov.bc.ca/pstreview/index.htm.

Regulatory Reform

British Columbia continues to make regulatory reform a priority across government — making it easier for citizens, business and industry to operate and succeed, while preserving regulations protecting health, safety and the environment.

Since June 2001, the government eliminated over 158,000 regulatory requirements (41.19 per cent of all requirements), exceeding its goal of reducing the regulatory count by one-third by June 2004. Government has made a further commitment through 2008 to maintain a zero net increase from the June 2004 baseline. As of March 2007, government has recorded a 5.75 per cent decrease over this baseline.

Building on this success, government is pursuing a citizen-centred approach to regulatory reform, reducing the time and steps taken by citizens, small business and industry to access government programs and services or comply with regulations. As of March 2007, each Ministry had committed to at least one citizen-centred regulatory reform project. Three cross Ministry projects are underway.

In 2006/07, the Ministry began work to implement a single business licence across British Columbia. A single business licence will reduce costly municipal administrative duplication and encourage business growth in all regions of the province. This will be achieved through cooperation between ministries, the Union of BC Municipalities and local governments.

On the recommendation of the Small Business Roundtable, government implemented the small business lens — a tool that ensures a thorough review is undertaken of impacts on small business before any ministry introduces new or amended legislation or regulations.

Personal Supports Information Line

The province has introduced a toll-free Personal Supports Information Line as a single access point for information about government programs providing equipment and assistive aids.

The line is open to all British Columbians in need of equipment and assistive aids and will connect people to programs in six provincial ministries: Advanced Education, Children and Family Development, Education, Employment and Income Assistance, Health and Public Safety and Solicitor General.

The launch of the Personal Supports Information Line was preceded by a series of community consultations around the province, gathering insights from citizens on how they accessed information about supports. Information was also obtained from service providers on how they thought access could be streamlined.

Taxpayer Fairness and Service Code

The 3rd Edition of the *Taxpayer Fairness and Service Code*[3] was launched in February 2007. The Code, developed in partnership with small business organizations across British Columbia, demonstrates the Ministry's commitment to service excellence, detailing taxpayers' rights to timely customer service; courteous, fair and respectful treatment; and the protection of privacy

[3] View the *Taxpayer Fairness and Service Code* at www.sbr.gov.bc.ca/fairness/.

and confidentiality. The 3rd Edition of the Code broadens the range of service excellence standards by adding nine new standards to the 12 identified in the 2nd Edition. In 2006, the Code was translated into eight languages[4] to improve customers' access to important tax information.

Citizen-centred Customer Service

The Ministry continues to focus on meeting evolving customer service needs and expectations, providing services that are more accessible, easier to use and responsive to the needs of individuals. The following initiatives are some examples illustrative of the Ministry's commitment to citizen-centred service delivery.

Respond to the needs of diverse customers

- Public tax information, including the *Small Business Guide to Provincial Sales Tax*, is now available in plain language and the Ministry has created 40 industry-specific web pages. Customer feedback, from both individual taxpayers and business associations, has been positive. The Ministry plans to further leverage best practices into all new and existing public tax information.
- Provided effective forums to hear directly from customers on issues related to the Ministry's mandate, such as the Permanent Small Business Roundtable and the Provincial Sales Tax Review consultations.

Customer Feedback

"The Ministry has taken impressive steps to improve its written tax information for small businesses. The Small Business Guide to Provincial Sales Tax (PST) provides basic information in one easy to understand source that is particularly helpful to ensure that those starting a business are aware of their tax obligations. The industry-specific materials cover a broad range of industry sectors and communicate the rules to small businesses so they have access to information that they need."

— Canadian Federation of Independent Business (January 31, 2007)

Improve information and access to information

- Provided information to the small business sector through partnerships with different government agencies. The Ministry supports the delivery of BizPal[5], OneStop Business Registry[6] and Small Business BC[7], providing current and prospective small business operators

[4] View at www.sbr.gov.bc.ca/fairness/Choose_Booklet.htm.

[5] For information on BizPal view at www.bizpal.ca/.

[6] For more information on OneStop Business Registry view at www.bcbusinessregistry.ca/introduction/index.htm.

[7] Small Business BC is a not-for-profit organization, funded by the federal and provincial government, providing advisory services, business registration, market research services, and other tools to assist business start-up and growth. Visit the Small Business BC website at www.smallbusinessbc.ca/.

in British Columbia with tools, online business licensing and permitting information, and access to online business registration.

- Produced a consumer tax audit video[8] to assist taxpayers in understanding the audit process at the beginning of an audit.
- Provided 90 free Provincial Sales Tax seminars[9] and workshops in various communities throughout British Columbia, with over 2,500 participating vendors and individuals.
- Jointly delivered 21 Goods and Services Tax (GST) and Provincial Sales Tax (PST) information sessions in partnership with the Canada Revenue Agency (CRA).
- Conducted 14 industry-specific tax seminars in various regions of the province.
- Continued to work closely with the CRA and the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games to ensure contractors, sponsors and suppliers, particularly those from other provinces and countries, are aware of their tax obligations in British Columbia. The Ministry's focus is on increasing awareness by providing educational materials and answering specific tax questions.

Improve customer service

- Initiated a comprehensive, multi-phased review of the property assessment system to ensure the system is transparent, flexible, fair and equitable to the taxpayer, as well as competitive, affordable and supportive of economic growth. The first phase of this review resolved issues related to governance and assessment methodology for certain commercial/industrial property types (i.e., ports and ski hills). Resulting legislative, regulatory and policy changes are anticipated to be in place for the 2008 assessment roll.
- Worked with the Alliance of Beverage Licensees to address taxpayer concerns around liquor tax audit procedures and assessments. The Ministry reviewed current liquor audit practices, made procedural improvements, and implemented an improved audit methodology.
- Improved the Property Assessment Review Panel website.[10] The site now provides helpful information to taxpayers on the property assessment review process, including how to initiate and prepare for a review, and how to become a panel member. A new step-by-step guide to the property assessment complaints process[11] is also available online and printed copies of the guide are available at Service BC Offices throughout the province.

[8] View the consumer tax audit video at www.sbr.gov.bc.ca/ctb/Audits/Audit_Videos.htm.

[9] View locations for upcoming PST seminars at www.rev.gov.bc.ca/seminars/index.asp.

[10] Visit the Property Assessment Review Panel website at www.sbr.gov.bc.ca/parp.

[11] The step-by-step *Property Assessments Complaints Guide* is available at www.sbr.gov.bc.ca/parp/pa.htm.

Supporting Small Business Start-up and Growth

- Championed and celebrated the success of small business and their contributions to the economy and communities, contributing to events such as Small Business Week, Retail Week and the Vancouver Island Business Awards.
- Working with partners, the Ministry contributed to the development and maintenance of materials and programs to enhance business opportunities, including British Columbia Skills Force Initiative, Small Business Profile 2006 and Growing Your Business: A Guide for British Columbia Women.
- Contributed to training programs such as Aboriginal Business and Entrepreneurship Skills Training (Aboriginal BEST) and the United Chinese Community Enrichment Services Society (SUCCESS) Mentoring Program.

A Centre of Excellence for Revenue Management

In November 2004, the Ministry entered into an agreement with a private sector service provider to work with the Ministry to build and operate a 'centre of excellence' for revenue management.

In 2006, the implementation of a leading-edge revenue management system achieved improved customer service, and consolidated revenue management business processes and applications in a centralized system for government. The Ministry is now working with ministries from across government to onboard their account, bill, pay and collect functions to this system.

It is anticipated customer eServices will be added to the system in the fall of 2007. This will include online account and statement inquiry, electronic bill issuance and presentment, online customer information, and online credit card and preauthorized debt payments. This new functionality will be designed with security provisions to ensure the continued protection of personal information.

Revenue Collection

- In 2006/07, the Ministry administered approximately $21.7 billion in revenue, or 61 per cent of all revenue[12] received by the Province.
- The Ministry, working in consultation with the forest industry, implemented a forest revenue (stumpage) audit program. Stumpage revenues were the only major provincial revenue source without a comprehensive audit program. Two pilot audits were successfully completed and the Ministry will conduct regular audits beginning in fiscal 2007/08.

[12] Based on provincial revenue estimate in the *Estimates (Fiscal year ending March 31, 2008)*, page 6, Estimated Revenue by Source, Updated Forecast 2006/07 (line item Taxpayer supported programs and agencies).

Purpose of Ministry

The Ministry of Small Business and Revenue fosters a competitive environment for small business[13] and investment in all regions of British Columbia, and provides a centre of excellence in the province for tax administration and revenue management. The Ministry leads the Regulatory Reform Initiative for government, and supports the Province's property assessment processes.

In addition, the Minister is accountable for BC Assessment[14] and is charged with administering the *Assessment Act* and the *Assessment Authority Act*. BC Assessment operates as an independent, provincial Crown corporation governed by a Board of Directors. Its mandate is to establish and maintain uniform real property assessments in accordance with the *Assessment Act*, on an annual basis, for all property owners throughout British Columbia. The Minister reviews and approves the agency's annual three-year Service Plan and annual Service Plan Report.

Specifically, the Ministry:

- Supports a business climate in British Columbia where small business prospers. The Ministry is a champion for small business in government and works with other ministries, partners and the small business community to implement strategies and initiatives to support small business.
- Identifies and collects amounts owed to government through fair, efficient and effective tax administration and revenue management processes. These revenues support the provision of important government programs such as health care, education, transportation and social services for British Columbians.
- Provides a centre of excellence for tax administration and revenue management services to other ministries, local governments and other agencies.
- Leads regulatory reform across government to create a modern, effective and responsive regulatory regime, while preserving those regulations effective in protecting health, safety and the environment. The Ministry works with ministries across government to minimize unnecessary government involvement in the lives of British Columbians, improving service to citizens, business and industry, and increasing British Columbia's economic and business competitiveness.
- Provides policy and administrative support for provincial property assessment and review processes to ensure transparent, flexible, fair and equitable service to British Columbia property owners.

[13] A small business is a business with fewer than 50 employees or is operated by a person who is self-employed without paid help. Refer to Appendix A — Glossary of Terms.

[14] For more information on BC Assessment, visit www.bcassessment.bc.ca.

The Ministry is committed to continuous improvement in service excellence — providing prompt, quality service that meets the needs of our diverse customers and partners, and fulfills the service excellence standards set out in the *Taxpayer Fairness and Service Code* (3rd Edition).[15] This commitment includes simplifying, streamlining and enhancing the fairness of the Ministry's regulatory environment, tax legislation and administrative processes to support continuous improvement in customer service.

The Ministry relies on five business areas[16] and the contributions and support of a wide range of partners including the business community, industry, local governments and federal government agencies, to achieve its mandate.

The Ministry delivers its programs and services through Ministry staff, other ministries, BC Assessment, Property Assessment Appeal Board, Property Assessment Review Panels, Canada Revenue Agency, Canada Border Service Agency, Small Business BC and a private sector service provider.

The Ministry ensures service quality and client-centred service delivery are maintained through formal mechanisms such as legislation, performance and service agreements (for example: Ministry Service Plans, contribution agreements, work plans), year-end reviews and a commitment to the fairness and service principles detailed in the *Taxpayer Fairness and Service Code*.

Citizen-Centred Service Delivery Extends to Those Providing Services for the Ministry

The Ministry works to ensure the fairness and service principles outlined in the Taxpayer Fairness and Service Code *are embraced by those providing services for the Ministry.*

- *BC Assessment — a Crown corporation reporting to the Minister of Small Business and Revenue — is committed to the Code in its daily operations.*
- *Property Assessment Appeal Board has developed a fairness and service code to guide Board operations based on the same principles as the* Taxpayer Fairness and Service Code.
- *All employees of the Ministry's service provider — EDS Advanced Solutions Inc. — have received training based on the* Taxpayer Fairness and Service Code.

[15] Refer to Appendix B for more information on the *Taxpayer Fairness and Service Code*.

[16] Refer to the Resource Summary for further information on the Ministry's business areas.

Strategic Context

The following section provides an overview of the key external factors affecting the business of the Ministry in 2006/07.

Economic impacts. The impact of the national and global economy on the provincial economic environment directly affects the Ministry's success in revenue and debt collection. Strong economic growth presents opportunities for increased revenue generation, both through new revenues and increased voluntary compliance with existing financial obligations to government.

British Columbia's economy is performing at an exceptional level. Growth in GDP for 2006 is estimated to have been 3.6 per cent. Strong consumer spending and investment helped make British Columbia's economic growth rate the second highest among provinces in 2006, behind Alberta. British Columbia's economic growth was accompanied by a marked drop in the unemployment rate and strong personal income growth. We have the lowest unemployment rate (4.8 per cent) and the lowest youth unemployment rate (8.2 per cent) in 30 years.

This strong provincial economic growth combined with the Ministry's efforts resulted in increased total revenues, and success in meeting incremental revenue and debt collection targets for 2006/07. Over the past six years (2001 – 2006), the number of small businesses in British Columbia increased by 10.9 per cent, with a 1.8 per cent increase during the past year.

Business environment. Provincial tax legislation and policy, and the regulatory environment contribute to the competitiveness of the province's investment climate. The Ministry, working with the Ministry of Finance, implemented initiatives to ensure the tax regime remains current and customer-centred, and continued to streamline and simplify the regulatory environment.

British Columbia's corporate income tax (CIT) rate for small businesses (i.e., those with incomes up to $400,000) remains the fourth[17] lowest among Canadian provinces at 4.5 per cent.

In 2005, the Canadian Federation of Independent Business (CFIB) compared the cost of regulations to businesses across Canadian provinces. Results show that British Columbia had the second lowest cost of regulation for small businesses.[18] British Columbia's average annual cost of regulation, including all levels of government, was $2,348 per employee for small businesses operating in the province.

[17] British Columbia's corporate income tax (CIT) rate is lower than Ontario's CIT at 5.5 per cent, and higher than Alberta's and Manitoba's, both at 3 per cent and Prince Edward Island's at 4.3 per cent, while on par with Saskatchewan's CIT rate.

[18] Source: Canadian Federation of Independent Business, special data tabulation from the annual Business Outlook Survey. Manitoba had the lowest average annual cost of regulation per employee at $2,313. Alberta's annual cost of regulation per employee was $2,694, while Ontario's was $2,583.

Voluntary compliance with financial obligations. The willingness of taxpayers to voluntarily meet their financial obligations is the foundation of the tax system in British Columbia. To support voluntary compliance, the Ministry focuses on the quality and accessibility of information to help British Columbians better understand their financial entitlements and obligations. It is expected voluntary compliance will increase when the Ministry makes it easier for individuals and businesses to identify and understand their financial obligations through information, education and outreach activities, and expanded access to information and electronic payment options.

Customer expectations. British Columbians expect their government to provide timely, high quality, responsive, professional customer service; easy to access information; and opportunities to engage in mutually beneficial, collaborative relationships. The Ministry reports publicly on its customer service performance, and uses consultative processes to provide effective forums to hear directly from customers and partners throughout the province on issues related to the Ministry's programs and services.

Demographic shifts. For an increasing number of British Columbians English is not their first language. As of 2001, almost 25 per cent of British Columbians had a mother tongue (i.e., the language they first learned) other than English or French. Fully 10 per cent of British Columbians primarily spoke a language other than English or French in the home. The Ministry is identifying key Ministry publications and working with ethno-cultural associations to provide increased access to important Ministry information and support the Ministry's commitment to citizen-centred customer service.

The provincial government and British Columbia First Nations' organizations are working together to develop a New Relationship[19] founded on respect, recognition and reconciliation of Aboriginal rights and title. New Relationship goals address, in part, the need to promote economic development opportunities. Both the provincial government and the small business community have identified the opportunity to recruit Aboriginal youth to respond to the challenges of recruitment and retention faced by the small business sector.

[19] More information is available at www.gov.bc.ca/arr/newrelationship/default.html.

Report on Performance

The Ministry undertakes performance measurement and reporting to assess performance against established targets, to inform decision-making processes and to communicate progress towards Ministry goals. This section details the Ministry's performance during 2006/07 against the performance measures and targets set out in the *2006/07 – 2008/09 Service Plan*.[20] The performance measures highlight the most critical aspects of Ministry performance.

Performance for key measures is monitored monthly, allowing the Ministry to implement operational changes required to improve performance in a timely manner. The Ministry regularly reviews performance measures to ensure measures continue to provide meaningful information, reflect Ministry priorities, and focus on desired outcomes for customers accessing Ministry programs and services. Performance targets are based on past performance trends, government priorities, continuous improvement and availability of resources.

The following performance data is tracked through Ministry financial and business information systems and processes, and is consistent with the data reported in previous years unless otherwise noted. Ministry revenue is audited by the Office of the Auditor General as part of the Summary Financial Statements and reported in the annual Public Accounts of the Government of British Columbia. Ministry incremental revenue and debt collection totals are monitored by the Ministry and reviewed by the Ministry's Executive Financial Officer.

The Ministry has identified four goals that provide strategic direction to the Ministry. The goals reflect the Ministry's commitment to:

- provide excellence in its customer service;
- support a competitive environment for small business growth and development;
- create a centre of excellence for tax administration and revenue management; and
- ensure a regulatory environment that supports economic and business competitiveness in the province.

Following is an overview of Ministry performance in 2006/07, compared to established targets, for each of these goals and associated objectives.

In 2006/07, the Ministry exceeded, achieved or substantively achieved nine performance targets, while baselines were established for two measures.

[20] View the *2006/07 – 2008/09 Service Plan* online at www.bcbudget.gov.bc.ca.

Performance Plan Summary Table

Goal 1: Service that meets the needs of customers and partners. For greater detail see page 18.	2006/07 Target	2006/07 Actual
1.1 Fair and efficient administration, and quality service		
Appeals resolution — elapsed time from receipt of tax appeal to final decision.	5.0 months	4.9 months EXCEEDED
Success in meeting service excellence standards.	9 of 9 standards will meet targets	8 of 9 SUBSTANTIVELY ACHIEVED

Goal 2: Small business development. For greater detail see page 20.	2006/07 Target	2006/07 Actual
2.1 Facilitate economic opportunities for small business		
Implement an Action Plan for Small Business.	Develop an Action Plan for Small Business	Action Plan for Small Business developed ACHIEVED

Goal 3: Amounts owed to government are paid. For greater detail see page 22.	2006/07 Target	2006/07 Actual
3.1 Individuals and businesses understand their entitlements and obligations, and pay the correct amount on time		
Percentage of amounts owed to government paid.	Establish Baseline	Baseline Established 96.50%
Percentage of on-time payments.	89.0%	89.3% ACHIEVED
3.2 The Province receives the outstanding amounts due		
Percentage of incremental revenue target achieved.	100% ($214.7M)	158% ($338.9M) EXCEEDED
Number of reviews and audits performed.	164,200	185,124 EXCEEDED
Average tax assessment per audit position.	$577,000	$947,212 EXCEEDED
Percentage of overdue amounts collected.	Establish Baseline	Baseline Established 36.06%

Goal 4: A streamlined and simplified regulatory environment For greater detail see page 27.	2006/07 Target	2006/07 Actual
4.1 Minimize the regulatory burden on British Columbians		
Government-wide regulatory requirements.	0% Net increase over June 2004 actual	- 5.75% EXCEEDED
Percentage of ministries participating in the citizen-centred regulatory reform initiative.	100%	100% ACHIEVED

Goals, Objectives, Strategies and Performance Results

Goal 1: Service that meets the needs of customers and partners

Objective 1.1: Fair and efficient administration, and quality service

This objective reflects the Ministry's focus on providing service excellence — services that meet the needs of its diverse customers and partners — and improving its regulatory and administrative frameworks.

Strategies

- Enhance British Columbia's business competitiveness through improved legislative, regulatory and administrative frameworks.
  - — Simplify, streamline, and enhance the fairness of tax legislation and administrative processes.
- Deliver customer service that meets or exceeds established Ministry standards.
- Implement a citizen-centred approach to service delivery.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Appeals resolution — elapsed time from receipt of tax appeal to final decision.	12.0 months	5.7 months	5.0 months	4.9 months[1] EXCEEDED
Success in meeting service standards		New measure in 2006/07	9 of 9[2] standards will meet targets	8 of 9 SUBSTANTIVELY ACHIEVED[3]

Data Source: Ministry of Small Business and Revenue business information systems.

[1] For this measure, performance is considered on target when it is at or below the target.

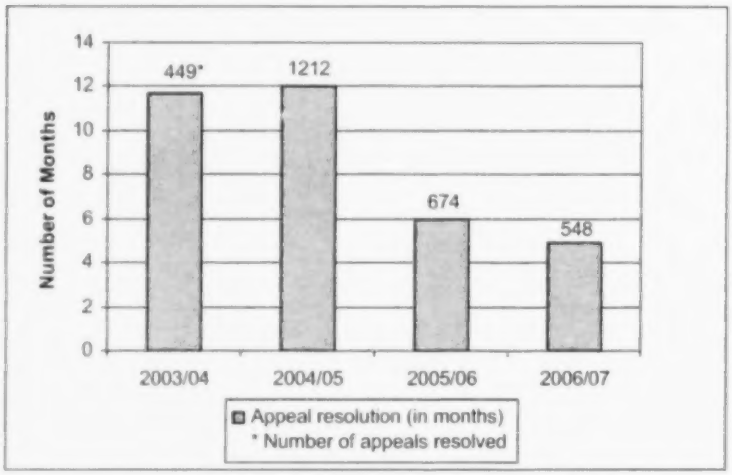
[2] Three standards are excluded from this target as baseline data was collected during 2006/07. Refer to Appendix B to review the standards contributing to this performance measure and the nine new standards identified in February 2007.

[3] This target was determined to be "substantively achieved" as eight of nine standards achieved or exceeded individual targets, while one standard achieved 99 per cent of target (76 per cent actual compared to a target of 77 per cent).

Discussion of Results

Appeals Resolution

Figure 1: Appeals Resolution, 2003/04 – 2006/07



This measure tracks the Ministry's success in providing timely resolution to taxpayer appeals. It reports on the average time taken to resolve tax appeals (from receipt to final decision) over the course of the fiscal year.

In 2006/07, the Ministry resolved 548 appeals. On average, appeals were resolved in 4.9 months, exceeding the target of five months.[21] The Ministry's success was aided by the work completed in 2005/06 to reduce both the number and age of outstanding appeals at the start of the 2006/07 fiscal year. This is the second year the Ministry has achieved aggressive targets to improve the timeliness of appeal resolution.

[21] The length of time to resolve an appeal varies dependent on such factors as the number and complexity of issues raised, facts of the case, and availability of all relevant information.

Success in Meeting Service Standards

This measure reports on the Ministry's success in meeting performance targets established for service excellence standards detailed in the 2nd Edition of the *Taxpayer Fairness and Service Code*.[22] A standard is considered "met" if, over the twelve months of the fiscal year, the performance meets or exceeds the established target. Appendix B contains the standards, and their respective targets and performance for 2006/07.

In 2006/07, the Ministry exceeded or achieved targets for eight of nine service excellence standards. The target for one service standard, per cent of complex inquiries completed in 20 business days, substantially met target with 76 per cent actual performance compared to a target of 77 per cent. The performance for this service standard is slightly below target due to an unanticipated increase in the number of written rulings. The Ministry is reviewing its processes to ensure targets can be met in the future.

Goal 2: Small business development

Objective 2.1: Facilitate economic opportunities for small business

This objective reflects the Ministry's commitment to implement initiatives to support small business.

Small business is a significant driver of British Columbia's economic growth and is vital to the province's economic success. The Ministry is committed to supporting a business climate in British Columbia where small business prospers.

Strategies

- Provide an effective forum to hear directly from the small business community.
  - — Support the permanent Small Business Roundtable in its ongoing dialogue with the small business community to identify ways the government and small business can work together to improve the economic prosperity of small business in British Columbia.
- Encourage small business growth and development.
  - — Implement solutions to address small business concerns and support small business success.
  - — Raise the profile of small business opportunities, and highlight and celebrate the contribution of small business to the economy and communities.

[22] The 3rd Edition of the *Taxpayer Fairness and Service Code* was introduced in February 2007. This edition included an additional nine service excellence standards. Monitoring of performance for these new standards will begin in 2007/08.

- Enhance the competitive environment for small business.
  - — Review tax proposals and changes to existing tax mechanisms, and monitor programs and services offered in other jurisdictions with the goal of adopting 'best practices'.
  - — Collaborate with federal, provincial and territorial partners to influence the national small business policy agenda.
  - — Maintain and build partnerships with key organizations and leverage resources to offer services, products and tools to entrepreneurs.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Implement an Action Plan for Small Business.[1]	New measures in 2005/06	Small Business Roundtable implemented	Develop an Action Plan for Small Business	Action Plan for Small Business developed ACHIEVED

[1] Future performance measure(s) will be determined following the implementation of the Action Plan for Small Business.

Discussion of Results

This measure demonstrates the Ministry's commitment to support small business development by establishing, in a timely manner, mechanisms to listen to and work with the small business sector to support their ongoing success. Once the Action Plan for Small Business is implemented, new performance measures may be identified.

A key initiative of the Ministry is to work with other ministries, levels of government and other partners to support small business start-up and growth. A key component of this initiative is to develop and implement an Action Plan for Small Business in response to recommendations received from the Small Business Roundtable. The Action Plan was completed in March 2007 and sets out a comprehensive strategy to support small business growth and development in British Columbia. The priorities for action are:

- Support and grow small business — support the ongoing dialogue between small business and government, communicate important programs to small business and act as key supporters of small business in the province. For example, consult with small business owners on the leadership they can provide as part of the government's overall Climate Action Plan.
- Break down barriers to doing business — create a regulatory environment that continually strives to streamline and simplify how business is done in British Columbia. For example, implement a single business licence, expand BizPal and continue to reduce regulatory burden.
- Build workforce capability — support small business in finding workforce solutions to labour and skills shortages. For example, develop a toolkit to address specific labour and skill challenges faced by small business.

- Leverage public and private partnerships — position Small Business BC as a key resource for small business in the province. For example, provide Small Business BC information at the 59 Service BC locations and expand regional delivery of Small Business BC programs and services by partnering with local organizations to offer these products within their communities.
- Support a competitive tax structure — support a citizen-centred tax regime to maintain the competitiveness of the province as a place to live, invest and create jobs. For example, consult with the business community on industry-specific changes to the tax system (PST Review Phase II) and engage small business and local government to identify property assessment issues and potential solutions.

Goal 3: Amounts owed to government are paid

The Ministry is responsible for creating a 'centre of excellence' for tax administration and revenue management. This means implementing fair, efficient and effective tax administration and revenue management processes to identify and collect amounts owed under the statutes administered by the Ministry. Successful tax administration and revenue management depends on the voluntary payment of financial obligations, balanced by education, assistance, audit, compliance and collection activities. Revenues identified fund important government programs and services.

Objective 3.1: Individuals and businesses understand their entitlements and obligations, and pay the correct amount on time.

This objective focuses on increasing the receipt of revenue through voluntary compliance. Voluntary compliance, the most efficient and effective means of administering revenue owed to government, means individuals and businesses meet their financial obligations without Ministry intervention through audit, compliance or collection activities. Increased voluntary compliance results in additional funds available to support government programs and services.

The Ministry's success in meeting this objective is dependent on the willingness and ability of customers to pay the correct amount on time. It is expected voluntary compliance will increase during periods of strong economic growth, and if individuals and businesses can easily identify and understand their financial obligations to government.

Strategies

- Provide a centre of excellence for tax administration and revenue management.
  - — Provide tax administration services to local governments and service areas.
  - — Implement a centralized revenue management system for government and work with other ministries to onboard their revenue management functions.

- Assist British Columbians to better understand their financial obligations to government, and improve information and service to the public.
  - — Provide educational sessions and seminars across the province.
  - — Provide timely statutory interpretation and ruling services, and multi-channel access to information.
  - — Consult with a wide variety of customers to ensure information, education and outreach programs meet their needs.
- Make it as easy as possible to comply with obligations.
  - — Provide customers with expanded options for making payments electronically.
- Compare Ministry performance with other jurisdictions.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Percentage of amounts owed to government paid.[1]		New measure in 2006/07	Establish Baseline[2]	Baseline Established 96.50%

Data Source: Ministry of Small Business and Revenue business information systems.

[1] This measure has been revised since the *2006/07 – 2008/09 Service Plan*; it has been expanded to include all amounts owed to government — revenue identified during the fiscal year and overdue accounts from the current and previous fiscal years. Amounts owed to government include amounts billed by the Ministry, self-assessed by individuals and businesses, and identified by the Ministry through audit and compliance activities.

[2] Targets will be reviewed and updated, if required, as the Ministry assumes new, or if there are changes to existing, revenue programs.

Discussion of Results

This measure reports on the success of the Ministry in collecting all amounts, under its administration, owed to government in a specific fiscal year. This measure includes amounts owed to government where the Ministry is responsible for both revenue and debt collection functions. As such, this measure reports on approximately 65 per cent of the total revenue and debt administered by the Ministry. For example, it excludes revenue and debt collections for personal and corporate income tax collected by the Canada Revenue Agency on behalf of the Province.

In 2006/07, the Ministry established a performance baseline — 96.50 per cent, representing the collection of $13.6 billion dollars in revenue and overdue accounts. This baseline replaces the one in the *2007/08–2009/10 Service Plan* which was based on data available in December 2006. Performance targets identified in the *2007/08–2009/10 Service Plan* will be reviewed given this new baseline and performance will be reported in the *2007/08 Annual Service Plan Report*.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Percentage of on-time payments.[1]	89.2% (865,000)	88.9%[2] (874,000)	89%	89.3% (874,315) ACHIEVED

Data Source: Ministry of Small Business and Revenue business information systems.

[1] 2004/05 to 2005/06 payments include consumption taxes (hotel room and provincial sales tax), property and mineral tax, and oil and gas royalties. In 2006/07, this measure was expanded to include on-time payments for motor fuel and tobacco tax.

[2] The 2005/06 Actual reflects a new baseline. The performance measure was revised to include only on-time payments of those obligated to make a payment and exclude those required to submit a remittance when no tax is owed.

Discussion of Results

This measure provides an indication of taxpayers' understanding of their financial obligations and their willingness to comply. It tracks the remittance of payments, calculating the percentage paid on or before their legislated due date. In 2006/07, the payments comprising this measure represented $8.7 billion or approximately 66 per cent of Ministry revenue, excluding revenue collected by the Canada Revenue Agency on behalf of the Ministry.

Of the 979,000 tax payments received by the Ministry in 2006/07, 874,315 (89.3 per cent) were received by their legislated due date, achieving the target of 89 per cent. Comprehensive public information, education and outreach programs targeted at both businesses and individuals supported Ministry performance. This focus will be continued to support the achievement of performance targets for the next three years. Future targets have been set to achieve incremental improvement, building on the current high level of achievement.

Objective 3.2: The Province receives the outstanding amounts owed

This objective focuses on identifying and collecting outstanding revenues owed to the Province through audit, compliance and collection activities. These activities educate taxpayers and debtors on their obligations, deter customers who might otherwise avoid paying, and contribute to increasing voluntary compliance.

Strategies

To identify and recover outstanding monies owed to British Columbians and to promote fairness in the tax system, the Ministry seeks to identify and collect all outstanding amounts when a taxpayer fails to meet their obligations, either willfully or due to an error, through the following strategies.

- Improve collection of outstanding amounts owed to government.
  - — The Ministry has entered into an agreement with a private sector service provider to further enhance the effectiveness of revenue and debt collection administration.

- Conduct audits and reviews to identify outstanding amounts owed to government, focus efforts on areas of highest risk of non-compliance and level the playing field for the majority of taxpayers who meet their financial obligations voluntarily.
  - — Ensure British Columbia businesses are not at a tax disadvantage compared to out-of-province counterparts operating in the province.
  - — Continue to improve the timeliness of assessment practices.
- Improve the collaboration and accountability across jurisdictions to pursue joint tax enforcement activities.
  - — Work with other agencies to help ensure revenue due to the Province is identified and received in a timely manner.

Performance Measures	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Percentage of incremental revenue target achieved.	138% $330.7 M[1] ($251.8 M)[3]	138% $310.5 M[1] ($279.8 M)[3]	100% $214.7 M[2]	158% $338.9 M[1] (245.5 M)[3] EXCEEDED
Number of reviews and audits performed.[4]	187,749	189,856	164,200	185,124 EXCEEDED
Average tax assessment per audit position.	$889,000 ($667,000)[5]	$888,000 ($802,000)[5]	$577,000	$947,212 ($644,000)[5] EXCEEDED

Data Source: Ministry of Small Business and Revenue business information systems.

[1] Incremental revenue collected.

[2] Incremental revenue target approved by Treasury Board.

[3] Incremental revenue normalized to remove extraordinary recoveries. Extraordinary recoveries include unanticipated and one-time incremental revenue. For example, in 2006/07, $338.9 M incremental revenue was identified of which $93.4 M was extraordinary recoveries resulting in $245.5 M incremental revenue normalized to remove extraordinary recoveries.

[4] Reviews and audits vary from the review of grant claims, tax expenditures and exemptions and compliance with legislation to the examination of financial records and legal documents.

[5] The annual tax assessment per audit position normalized to remove extraordinary recoveries.

Discussion of Results

Percentage of incremental revenue target achieved

This measure is an indication of the Ministry's success in identifying outstanding amounts owed to government through audit and compliance activities. The amounts identified are incremental revenue. Incremental revenue targets are approved annually by Treasury Board as required under the *Balanced Budget and Ministerial Accountability Act*. Achievement of the annual target is a key accountability of the Minister of Small Business and Revenue.

In 2006/07, the Minister was accountable for earning $214.7 million in incremental revenue in respect of revenue payable under the enactments he administers. The Ministry exceeded this target, identifying $338.9 million in incremental revenue. This achievement is due to a number of factors, including the variability of some revenues, certain extraordinary revenues and success in assessing revenues through focused attention on areas at higher risk of non-compliance.

Extraordinary revenues included, greater than anticipated recoveries with the conclusion of audits of general corporations under the *Corporation Capital Tax Act*, and increased personal and corporate income tax allocations. Additionally, strong economic performance impacted the real estate market, with increased demand for pre-sold properties and high-value commercial properties resulting in increased property transfer tax revenues for the Ministry, and positively impacted oil and gas sector revenues.

Number of reviews and audits performed

This measure reports on the number of reviews and audits performed under the tax and royalty statutes the Ministry administers. It provides an indication of the level of effort the Ministry is employing to ensure the province receives the revenue it is due. Maintaining an effective review, audit and compliance program allows the Ministry to identify and collect outstanding amounts owed to government and ensures a level playing field for the vast majority of British Columbians who voluntarily comply with their financial obligations.

The Ministry performed 185,124 reviews and audits in 2006/07, exceeding the target of 164,200. This success reflects Ministry efforts to ensure adequate review and audit activities occur across the broad spectrum of statutes the Ministry administers.

Beginning in 2007/08, performance for this measure will be reported internally and provided as contextual information when reporting on percentage of incremental revenue target achieved.

Average tax assessment per audit position

This measure reports on the average amount of incremental revenue identified through audit assessments, per audit position. It is an indication of the effectiveness of the audit program in targeting audit activities on areas of non-compliance. This measure demonstrates the balance between the resources allocated to the audit program and the revenue the program recovers for government.[23]

[23] This measure is used to assess overall and average Ministry activity for the purposes of setting strategic direction and expenditure/resource allocation. It is not used to monitor individuals' performance. Within the Ministry there is a wide variance in the assessment per audit position based on the type of audit performed. Data in the above table reflect performance at the Ministry level.

The Ministry exceeded the target despite a slight decrease in resources dedicated to this program. Performance is on par with the past four years. Beginning in 2007/08, performance for this measure will be reported internally.

Performance Measure	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual
Percentage of overdue amounts collected.		New measure in 2006/07	Establish Baseline	Baseline Established 36.06%

Data Source: Ministry of Small Business and Revenue business information systems.

Discussion of Results

This measure reports the percentage of overdue amounts owed to government recovered through the Ministry's debt collection activities. It provides an indication of the effectiveness of these activities in collecting on a portfolio of overdue accounts. Debt collection contributes to the recovery of amounts owed to government.

In 2006/07, the Ministry established a performance baseline — 36.06 per cent, representing the collection of $300.3 million dollars in overdue amounts owed to government. This baseline replaces the one in the *2007/08–2009/10 Service Plan* which was based on data available in December 2006. Performance targets identified in the *2007/08–2009/10 Service Plan* will be reviewed given this new baseline and performance will be reported in the 2007/08 Annual Service Plan Report.

Goal 4: A streamlined and simplified regulatory environment

Objective 4.1: Minimize the regulatory burden on British Columbians

Regulatory reform is a key component of government's overall strategy to make British Columbia an economic and business leader. Government's Regulatory Reform Initiative focuses on reducing regulatory burden by reducing overall regulatory requirements and implementing a citizen-centred approach to regulatory reform.

Reducing regulatory requirements and creating a more streamlined regulatory environment saves British Columbians time and money, and reduces administrative costs for government. Continued improvement in the regulatory climate is a key requirement for attracting new investment and building a more competitive economy.

The new citizen-centred approach to regulatory reform builds on the success of regulatory reform efforts to date. The new initiative focuses on reducing the steps and time required by citizens, businesses and industry to access government programs and services or comply with government requirements.

Strategies

- Build capacity within the public service for regulatory reform through guidance and resource materials, training, workshops and conferences to share best practices.
- Regularly monitor and publicly report[24] on the progress of regulatory reform across government.
- Lead a new citizen-centred (saving time) regulatory reform initiative across government.
  - — Assist all ministries to identify citizen-centred regulatory reform projects, build capacity for business process mapping through workshops, and provide ongoing advice and expertise.
- Work with other levels of government to advance regulatory reform.
  - — Identify and pursue opportunities to reduce costly duplication and encourage business growth.
- Lead regulatory reform across government.

Performance Measures	June 2004 Actual	2005/06 Actual (as of March 2006)	2006/07 Target (as of March 2007)	2006/07 Actual (as of March 2007)
Government-wide regulatory requirements.	239,414	227,954	0% (over June 2004 actual)	- 5.75% 225,643 EXCEEDED
Percentage of ministries participating in the citizen-centred regulatory reform initiative.[1]		New measure in 2006/07	100%	100% ACHIEVED

Data Source: Ministry of Small Business and Revenue business information systems.

[1] This measure has been revised since the *2006/07 – 2008/09 Service Plan*; it now reflects Ministry's participation in citizen-centred regulatory reform projects. Participating means a Ministry undertook at least one citizen-centred regulatory reform project during the fiscal year. Citizen-centred projects are those reducing the time and steps taken by citizens, small business or industry to access government programs and services or comply with regulations.

[24] View online at www.regulatoryreform.gov.bc.ca/reports/default.htm.

Discussion of Results

Government-wide regulatory requirements

The Ministry tracks the number of regulatory requirements administered by provincial ministries and government agencies. The number of government-wide regulatory requirements provides a good indication of the overall regulatory burden on British Columbians. Reducing regulatory burden makes it easier, faster and more efficient for individuals and businesses to deal with government.

The target — a zero net increase over the results to June 2004 — was exceeded. In the past fiscal year, a reduction of over 2,300 regulations was achieved across government with a reduction of over 13,700 regulations since June 2004. Total government regulations have been reduced by 41.19 per cent since June 2001, representing the elimination of over 158,000 regulations.

The Ministry's own regulatory count decreased by 3.13 per cent over the June 2004 baseline (14,063 as of June 2004; 13,623 as of March 2007). This decrease in regulatory burden was achieved by streamlining reporting requirements resulting in improved customer service, reduced cost of doing business with government and enhanced Ministry efficiency.

Percentage of ministries participating in citizen-centred regulatory reform initiative

This measure reports on cross government involvement in the new citizen-centred regulatory reform initiative.

In 2006/07, the Ministry established a performance baseline for cross ministry participation in government's new citizen-centred regulatory reform initiative. As of December 2006, all ministries had committed to at least one project, with three cross ministry projects underway. It is recognized the time to complete a project will vary based on its complexity. Reflecting the government's commitment to this initiative, the target for the next three years is for 100 per cent of ministries to participate in the citizen-centred regulatory reform initiative.

Report on Resources

The Report on Resources provides an overview of Ministry funding, expenditures and revenue administered during 2006/07. This section also provides a Resource Summary for 2006/07 by business area.

Ministry Funding

Total funding available for Ministry operations in 2006/07 was $174.9 million. The sources of Ministry voted funding included:

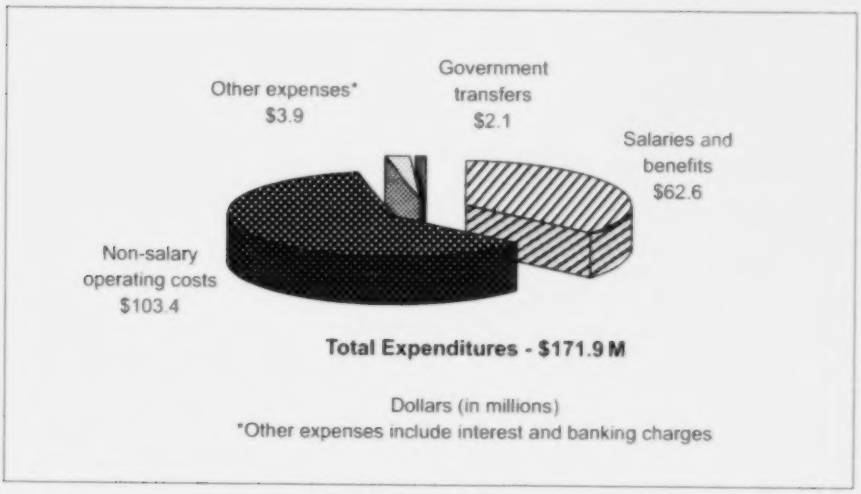
- An appropriation of $47.5 million.
- Recoveries of $127.4 million. Ministry costs are partially recovered from the revenues within the Consolidated Revenue Fund or deducted from collected proceeds and recovered from revenue administered under statute by the Ministry. Property Assessment Services costs are fully recovered from BC Assessment, appellants to the board and other organizations.

Ministry Expenditures

Ministry operating expenditures during 2006/07 totaled almost $171.9 million of which $127.3 million was recovered from revenues administered by the Ministry.

The Ministry made financing transactions and disbursements totaling $1.021 million. These disbursements, directed by legislation, return a percentage of specific revenue to identified entities.

Figure 2: Ministry expenditure by category, 2006/07



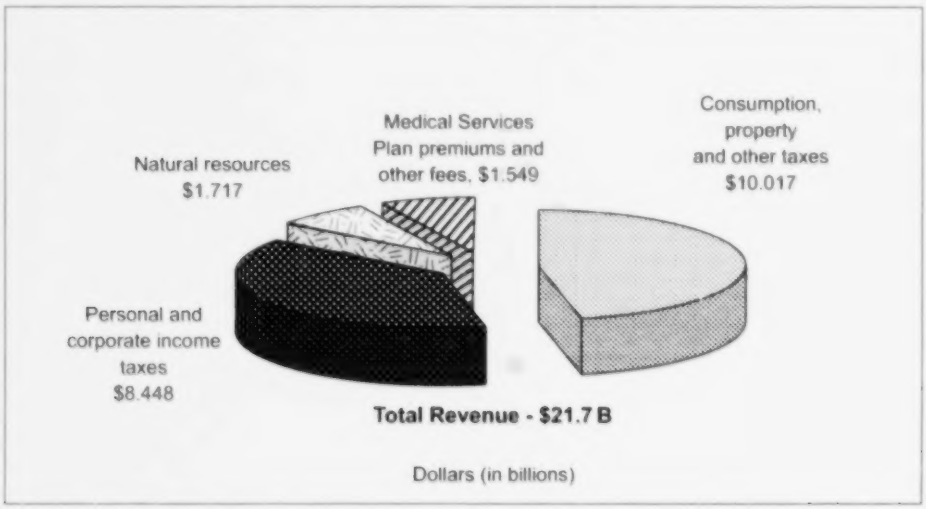
Ministry Revenue

The revenues managed by the Ministry amounted to approximately $21.7 billion in 2006/07 or 61 per cent of all revenues received by the Province ($35.5 billion). Ministry revenues included:

- consumption taxes (provincial sales, hotel room, motor fuel and tobacco taxes);
- property taxes (rural property, provincial school and property transfer taxes);
- other taxes (corporation capital and logging taxes, and insurance premiums);
- personal and corporate incomes taxes collected by the Canada Revenue Agency on behalf of the Province;
- natural resource revenues (natural gas and petroleum royalties, permits and fees, and mineral taxes and royalties); and
- Medical Service Plan premiums and other fees (e.g., ruling fees, clearance certificates).

Revenue has increased over the past five years: $15.4 billion (2002/03), $17 billion (2003/04), $18.4 billion (2004/05), $20.6 billion (2005/06) and $21.7 billion (2006/07).

Figure 3: Ministry revenue by type, 2006/07



Resource Summary Table 2006/07

The following Resource Summary table provides the Ministry's estimated gross and net expenditures and full-time equivalents (FTEs) by five business areas:

	Estimated[1]	Other Authorizations[2]	Total Estimated	Actual	Variance[3]
Operating Expenses ($000)					
Small Business and Regulatory Reform					
Gross	3,593	62	3,655	5,019	1,364
Recoveries[4]	0	0	0	0	0
Net	3,593	62	3,655	5,019	1,364
Revenue Programs					
Gross	45,478	1,385	46,863	42,572	(4,291)
Recoveries[4]	(26,609)	0	(26,609)	(26,609)	0
Net	18,869	1,385	20,254	15,963	(4,291)
Revenue Services (includes special account)					
Gross	62,154	19,542	81,696	85,542	3,846
Recoveries[4]	(52,695)	(19,215)	(71,910)	(71,928)	(18)
Net	9,459	327	9,786	13,614	3,828
Property Assessment Services					
Gross	2,897		2,897	2,730	(167)
Recoveries[4]	(2,896)		(2,896)	(2,730)	166
Net	1		1	0	(1)
Executive and Support Services					
Minister's Office	438	0	438	412	(26)
Corporate Services					
Gross	38,865	455	39,320	35,592	(3,728)
Recoveries[4]	(26,000)	0	(26,000)	(26,000)	0
Net	13,303	455	13,758	10,004	(3,754)
Total	**45,225**	**2,229**	**47,454**	**44,600**	**(2,854)**
Full-time Equivalents (FTEs)[5]					
Small Business and Regulatory Reform	21	0	21	22	1
Revenue Programs	526	0	526	480	(46)
Revenue Solutions	135	0	135	121	(14)
Property Assessment Services	13	0	13	15	2
Executive and Support Services	196	0	196	194	(2)
Total	**891**	**0**	**891**	**832**	**(59)**

	Estimated[1]	Other Authorizations[2]	Total Estimated	Actual	Variance[3]
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
Revenue Programs	0		0	216	216
Revenue Services	1,134		1,134	1202	68
Property Assessment Services	96		96	20	(76)
Executive and Support Services	10,576		10,576	5,426	(5,150)
Total	**11,806**		**11,806**	**6,864**	**(4,942)**
Other Financing Transactions ($000)[6]					
Revenue Programs					
Receipts	996,100	23,974	1,020,074	1,015,900	(4,174)
Disbursements	1,008,700	27,238	1,035,938	1,021,483	(14,455)
Net Cash Source (Requirements)	(12,600)	(3,264)	(15,864)	(5,583)	10,281
Special Accounts — Provincial Home Acquisition Wind Up[7]					
Receipts	40	0	40	95	55
Disbursements	35	0	35	0	(35)
Net Cash Source (Requirements)	5	0	5	95	90
Total Receipts	**996,140**	**23,974**	**1,020,114**	**1,015,995**	**(4,119)**
Total Disbursements	**1,008,735**	**27,238**	**1,035,973**	**1,021,483**	**(14,490)**
Total Net Cash Source (Requirements)	**(12,595)**	**(3,264)**	**(15,859)**	**(5,488)**	**10,371**

[1] The "Estimated" amount corresponds to the *2006/07 Estimates* as presented to the Legislative Assembly.

[2] Other Authorizations" include Supplementary Estimates, Statutory Appropriations and Contingencies.

[3] Variance display convention is consistent with the display convention used in public accounts. Variance is in all cases "Actual" minus "Total Estimates". If the Actual is greater, then the Variance will be displayed as a positive number.

[4] Costs are partially recovered from revenues within the Consolidated Revenue Fund or deducted from collected proceeds and recovered from revenue administered under statute by the Ministry. Refer to Appendix A for Legislation Administered by the Ministry. Property Assessment Services costs are fully recovered from BC Assessment, appellants to the board and other organizations.

[5] FTEs — fulltime equivalent employment is the estimate of a Ministry's annual staff complement. The term fulltime equivalent is defined as the employment of one person for one full year or the equivalent (i.e., the employment of two people for six months each).

[6] Other Financing Transactions include disbursements by the Province under legislation to government entities. These include disbursements under the Internal Fuel Tax Agreement (*Motor Fuel Tax Act*), *Land Tax Deferment Act*, *British Columbia Transit Act*, *Transportation Act*, *Greater Vancouver Transportation Authority Act*, Rural Area Property Taxes, *Tobacco Tax Amendment Act*, Tourism British Columbia (*Hotel Room Tax Act*).

[7] This account is established under the *Special Appropriation and Control Act* effective April 1, 2004, for the purpose of providing for expenditures for the winding up of the loan and financial assistance programs under the *Home Conversion and Leasehold Loan Act*, *Home Mortgage Assistance Act*, *Home Purchase Assistance Act*, *Homeowner Interest Assistance Act* and Provincial Home accounts and guarantee claims paid under the mortgage assistance programs.

Description of Business Areas

Small Business and Regulatory Reform — supports a permanent Small Business Roundtable, leads regulatory reform across government, provides funding for products and tools to support small business start-up and growth and works with partners to implement initiatives to support small business success.

Revenue Programs — provides administration and compliance activities for tax statutes administered by the Ministry, including audit assessments, tax refunds, and tax credit and benefit programs. This business area collects royalties, taxes and fees levied on mineral, oil and gas production and works with other levels of government collecting taxes on behalf of the province.

Revenue Solutions — provides revenue management services to client ministries and their customers, including account management, billing, payment and remittance processing, through a combination of Ministry staff and a private sector service provider. This business area also manages and collects revenues for the Ministry of Forest and Range.

Property Assessment Services[25] — provides advice on strategic property assessment policy and reviews and develops legislation and regulations related to property assessment. This business area supports the Province's property assessment processes and works with BC Assessment, local taxation authorities and property owners to resolve property assessment disputes.

Executive and Support Services — provides strategic leadership and corporate services to the Ministry, including administrative support services, financial management, legislative and policy support, and tax appeal management and administration.

Explanation of Variance

Several business area variances are worthy of note.

- Small Business and Regulatory Reform — over expenditure due to additional FTE resources and grants provided to develop and implement initiatives to address the skills shortage facing small business and support the sector's continued growth in British Columbia.
- Revenue Programs — under expenditure of FTE resources due to staff vacancies.

[25] The Ministry administers the Annual Property Assessment Review Panel program across the province and supports the management of the Property Assessment Appeal Board. The Property Assessment Review Panel program involves the annual appointment of approximately 296 panel members sitting on 74 panels throughout the province. The panels provide property owners in British Columbia with a first level of appeal in an accessible, affordable and equitable forum. More information is available at: www.sbr.gov.bc.ca/parp. The Property Assessment Appeal Board is independent from the Property Assessment Review Panels, government and BC Assessment. The Board's objectives are to resolve appeals justly and consistently, in accordance with the principles of procedural fairness and natural justice, and to complete appeals as quickly as possible, at minimum cost to all parties. More information is available at: www.assessmentappeal.bc.ca.

- Revenue Services — over expenditure primarily due to the benefits paid to the Ministry's private sector service provider being larger than budgeted for the fiscal year reflecting performance in excess of baseline which were partially offset by savings in FTE resources due to staff vacancies.
- Executive and Support Services — under expenditure primarily due to savings in amortization expenses and other operating costs.

Financing transactions resulted in disbursements exceeding receipts by approximately $15.9M primarily due to disbursements related to the *Land Tax Deferment Act*.

Ministry Contact Information

Contact the Minister at:

Honourable Rick Thorpe
PO Box 9065, Stn Prov Govt
Victoria BC V8W 9E2
Phone: 250 356-6611
E-mail: sbr.minister@gov.bc.ca

Contact the Deputy Minister at:

Robin Ciceri
PO Box 9432, Stn Prov Govt
Victoria BC V8W 9N6
Phone: 250 387 6202
E-mail: sbr.deputyminister@gov.bc.ca

Visit the Ministry of Small Business and Revenue website at www.gov.bc.ca/sbr/

For provincial sales tax enquiries:

— Phone Toll-Free: 1 877 388-4440

— E-mail: CTBTaxQuestions@gov.bc.ca

Annual Service Plan Report Appendices

Appendix A

- Glossary of Terms
  - http://www.sbr.gov.bc.ca/Ministry_Reporting/Service_Plan_Annual_Report/2006-07/Appendices/Annual_Service_Plan_Reports_2006-07.htm#aHYPERLINK
  - http://www.sbr.gov.bc.ca/hfd/library/documents/#glossary
- Legislation Administered by the Ministry
  - http://www.sbr.gov.bc.ca/Ministry_Reporting/Service_Plan_Annual_Report/2006-07/Appendices/Annual_Service_Plan_Reports_2006-07.htm#b

Appendix B: *Taxpayer Fairness and Service Code* Service Standards

Twelve service excellence standards were identified in the 2nd Edition of the *Taxpayer Fairness and Service Code* introduced in October 2005. For 2006/07, the Ministry will report on nine of 12 standards, as baseline data was being collected for three standards.

The 3rd Edition of the Code, introduced in February 2007, expands the suite of service excellence standards to 21. Nine new standards were added for areas such as client satisfaction with tax seminars, satisfaction with audit completion times and overall satisfaction with the tax audit process.

Performance targets reflect the Ministry's commitment to continuous improvement or, where appropriate, maintaining existing high levels of performance. Over time, the Ministry may add or improve service standards based on consultation with the small business community and feedback from taxpayers.

A standard is considered "met" if, over the fiscal year, the performance meets or exceeds the established target. The following table lists the 21 service excellence standards, including targets and performance for those reported in 2006/07.

Service Aspects	Service Standards[1]	2006/07 Target	2006/07 Actual
Provincial Sales Tax seminars	(1) Offer at least 60 provincial sales tax seminars annually throughout all regions of British Columbia.	New in 2007/08	—
	(2) Ensure seminar client satisfaction of at least 90%.	New in 2007/08	—
Inquiries and rulings	(3) Respond to general email inquiries regarding sales, hotel, fuel and tobacco tax sent to CTBTaxQuestions@gov.bc.ca within 2 business days of receiving all of the necessary information.	Establish baseline	91.9%
	(4) Respond to complex email inquiries and written rulings on sales, hotel, fuel or tobacco tax issues within 20 business days of receiving all of the necessary information.	77%	75.9%
Account registrations and clearances	(5) Register sales and hotel tax accounts within 2 business days of receiving all of the necessary information.	90%	97.2%
	(6) Respond to requests to confirm if any sales or hotel taxes are owed by the business to be bought within 5 business days of receiving all of the necessary information.	85%	96.6%

Service Aspects	Service Standards[1]	2006/07 Target	2006/07 Actual
Refunds	(7) Process sales, hotel, fuel or tobacco tax refunds within 30 calendar days of receiving all of the necessary information.	85%	98.1%
Correspondence	(8) Respond to correspondence sent to the Minister, Deputy Minister and Assistant Deputy Minister within 14 days of receipt.	Establish baseline	78.7%
Accessibility	(9) Receive email anytime and be accessible by telephone from 8:30 am to 4:30 pm., Monday through Friday (except holidays).	100%	100%
	(10) Provide walk-in service at the Ministry's public offices in Victoria and Vancouver from 8:30 am to 4:30 pm., Monday through Friday (except holidays).	100%	100%
	(11) Have helpful information about the Ministry's programs available on the website 24 hours a day, every day.[2]	99.7%	99.9%
	(12) Provide accessibility to OneStop Business Registry kiosks at the Ministry's public offices in Victoria and Vancouver from 8:30 am to 4:30 pm, Monday through Friday (except holidays).	New in 2007/08	—
Audit	(13) Review the audit process and *Taxpayer Fairness and Service Code* rights before starting an audit at the place of business or representative's office.	100%	100%
	(14) Ensure satisfaction with sales, hotel, fuel or tobacco tax audit completion time.	New in 2007/08	—
	(15) Ensure satisfaction of at least 90 per cent with sales, hotel, fuel or tobacco tax audit experience.	New in 2007/08	—
	(16) Conclude sales, hotel, fuel or tobacco tax audits within 20 business days of agreement with audit results.	New in 2007/08	—
	(17) Respond to concerns about sales, hotel, fuel or tobacco tax audits within 20 business days of receiving all the necessary information.	New in 2007/08	—
Reviews	(18) Deputy Minister information reviews — provide written decision within 30 business days of receiving all of the necessary information.	Establish baseline	0%[3]
Appeals	(19) Provide a written decision on issues appealed to the minister within the average annual response time.	5 months	4.9 months
	(20) Contact appellant by phone or in writing to discuss the appeal and to provide an opportunity to submit new or additional information to support the position.	New in 2007/08	—

Service Aspects	Service Standards[1]	2006/07 Target	2006/07 Actual
International Fuel Tax Agreement (IFTA)	(21) Provide a decision on initial IFTA license application within 7 business days of receiving all of the necessary information and/or payments.	New in 2007/08	—

Data Source: Ministry of Small Business and Revenue business information systems.

[1] The statement in the service standards dealing with Service BC-Government Agents was provided to inform customers information about Ministry programs is available from Service BC. This was excluded in the above list as the Ministry is not accountable for service provided by Service BC, but the Ministry will ensure they have the information required to fulfill this commitment.

[2] Based on a Common Information Technology Services standard of 24/7 service, which excludes scheduled downtime for system maintenance on Sundays between 6:00 a.m. and 9:00 a.m.

[3] Based on two Deputy Minister reviews during 2006/07.